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SUBJECT: Ambassador Visits Successful USG Programs in Bicol

REF: A) Manila 4916 B) Manila 4919

¶1. Summary: Ambassador Kenney traveled to communities in the Bicol region to view USAID- and USDA-sponsored development assistance programs focusing on dairy development, ecotourism, and coastal resource management. The Ambassador's visit showcased successes in improving the livelihoods of communities in the region, providing feasible alternatives to illegal fishing and reducing poverty and thus the influence of New People's Army terrorists. Ambassador Kenney's visit was well-received by local and national Philippine government officials. End Summary.

Bicol Region: Agricultural Paradise Beset by Natural Disasters

¶2. Bicol is a region with fertile volcanic soil but plagued by natural disasters due to its location in the direct path of typhoons and its susceptibility to volcanic eruptions, mudslides, and earthquakes. The region is still recovering from the summer 2006 Mount Mayon eruption and November 30, 2006 Typhoon Reming. The USG provided over \$350,000 for relief assistance to the region after the typhoon. (Refs A and B) The USG also has well-established development assistance programs in the Bicol region to address long-term goals, including reduced poverty and improved coastal resource management.

Enhancing Dairy Development

¶3. With USDA funding Land O'Lakes, Inc. is assisting the Philippine National Dairy Authority (NDA) in expanding local dairy production in Camarines Sur. This public-private partnership provides opportunities for enhanced local production and business investment in the Bicol region. USDA has provided approximately \$18 million in support to dairy development and school milk feeding programs in the Philippines since 2002. In 2006, USDA approved a Food for Progress grant of \$4 million to Land O'Lakes to expand dairy development and school milk feeding programs.

¶4. The Ambassador visited a small farm and awarded the farm owner a pregnant dairy heifer provided by Land O'Lakes. Using Food for Progress funds, Land O'Lakes works with local dairy cooperatives in the Camarines Sur province in the Bicol region. Most of the members of these cooperatives own no more than five dairy animals. Land O'Lakes has distributed 1700 heifers, specially bred to thrive in tropical climates and survive typhoon conditions, in the Philippines. Ambassador Kenney observed the next step in the dairy production process by visiting a small USDA-funded dairy processing plant built to increase local dairy production. This goes hand-in-hand with making dairy production more community-based, as the farmers may sell fresh milk produced by their heifers to the local production plant, keeping their product local and maintaining the quality of the milk. USDA has funded seven dairy processing plants throughout the Philippines. Farmers told the Ambassador that

their monthly earnings have increased to about 6 thousand pesos (\$120) per month, from 100 to 200 pesos (\$2 to \$4) previously.

15. The School Milk Feeding Program represents the final stage in dairy production--providing dairy products to the schoolchildren. This program is designed to introduce milk to children's diets and improve nutrition. The Ambassador visited an elementary school and talked to schoolchildren who are receiving a USDA-funded morning meal consisting of milk and a fortified biscuit. Since 2002, USDA support has provided milk to more than 250,000 Filipino schoolchildren. Teachers reported that the children are more attentive and ready to learn after their morning meal. Luis Ray Villafuerte, Governor of Camarines Sur, and Arthur Yap, Philippine Secretary of Agriculture were present at these events and were

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enthusiastic about the success of the programs.

#### Improving Livelihoods

16. The Ambassador observed a USAID-sponsored ecotourism program firsthand by swimming with whale sharks in Donsol, Sorsogon Province. Whale sharks spend five months a year in Donsol waters. Since their publicized appearance in Donsol in 1998 the whale sharks have attracted the interest of both international tourists and poachers. In 2003 USAID awarded a \$368,000 grant to the World Wildlife Fund (WWF) to implement the Community-Based Ecotourism and Coastal Resources Management project in Donsol. The program focuses on ecotourism, coastal law enforcement, and best fisheries practices. Since 2002 over 8,000 tourists have participated in controlled whale shark interactions and Donsol has earned over 4.2 million pesos (\$87,500) in registration fees and payments for other services. During the Ambassador's visit, tourists from the U.S., Russia, Denmark, Australia and the Philippines were present at local resorts. Ecotourism has provided a profitable alternative to

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illegal fishing and has led to a decrease in terrorist activity. Many whale shark guides and boat operators are former members of the New People's Army. Recognizing the importance of the whale sharks to the local economy, these guides also guard the animals from poachers. The ecotourism program has strong local government support. The Mayor of Donsol discussed how the community has benefited from the program but lamented the challenges posed by continued illegal fishing in the area.

17. The USAID/World Wildlife Fund project also includes coastal resource management programs in communities around Donsol. Ambassador Kenney visited a mangrove conservation and mudcrab fattening project in Barangay Sebago, a small, impoverished village located adjacent to mangroves. Using USAID funds the World Wildlife Fund established the Mangrove Management Council, composed of local residents and leaders. Members received training in mangrove conservation and techniques for raising mudcrabs in the mangroves. The mudcrabs are edible and easily sold to nearby communities--making them a profitable and renewable resource. In January 2007 members began raising mudcrabs in the nearby mangroves and the first harvest is expected in May 2007. Since the business depends on the health of the mangrove ecosystem, villagers now have a direct interest in its protection. Ambassador Kenney highlighted the successes of these programs in improving the livelihoods of people in the Bicol region during a television interview shown on national television.

KENNEY